

Guatemala

The Development Challenge: Guatemala is working to position itself for a potential Central America Free Trade Agreement while still recuperating from its 36-year civil war. Its \$20.6 billion economy and population of 12 million are the largest in Central America, and it has the third most unequal distribution of income in the world. Despite a per capita income of \$1,670, its lower-middle income classification is deceiving, masking extreme inequalities between an urban, largely ladino (nonindigenous) population and a rural, indigenous population. Although poverty has fallen over the past decade, over half (57%) of its population lives in poverty, and nearly 20% of its people are extremely poor. Guatemala ranks among the worst in the region for life expectancy, infant mortality (39 per 1,000 live births), maternal mortality (153 per 100,000 live births), and chronic malnutrition (49%), and lags behind other countries in the hemisphere in terms of educational access, investment, and literacy. Guatemala's complex topography, as well as its cultural and linguistic diversity, complicates efforts to expand education and health services, and contributes to an extremely low rate of labor productivity. Agriculture, which employs the majority of the poor, was particularly hard hit from the combined impacts of the worldwide economic downturn, drought, and the lowest coffee prices in 30 years.

Although 15 years have passed since the return to democratic rule, Guatemala's democracy and key institutions (the Congress, judicial system, and local governments) remain fragile and are far too easily hijacked by persons or interest groups for private gain. Common crime is rampant, and corruption is endemic, fueled by increased money laundering, drug trafficking, and smuggling of illegal aliens. Guatemala is classified as noncooperative for money laundering by the Financial Action Task Force on Money Laundering, and continues to serve as the region's main transit point for illegal migrants and narcotics en route to the United States. Although progress has been made in implementing many of the 1996 Peace Accord commitments, the pace of reform has faltered over the past two years and families once optimistic about the prosperity that peace might offer are decidedly more pessimistic about their income and safety. Unfortunately, in the absence of an effective judicial system, the legacies of its civil war, as well as ethnic and social tensions, offer ample kindling for conflict that is increasingly expressed through violent acts such as lynching.

The negotiation of a free trade agreement with the United States provides an incentive and urgency to address these key development challenges. Guatemala's rich natural resource base and location on Mexico's southern border position the country to benefit significantly from an expansion of trade both within the region and with the United States and Mexico. The United States is Guatemala's most important trading partner, accounting for 36% of Guatemalan exports and providing 40% of its imports. Other U.S. national interests in Guatemala include the containment of illegal migration, organized crime and narco-trafficking, and strengthening of democracy, fulfillment of the Peace Accords, and free and fair national elections in 2003 leading to a peaceful transition in power. Strengthening Guatemala's weak governmental institutions and fostering broad-based economic growth are essential to effective collaboration in containing illegal migration, combating organized crime and drug trafficking, and addressing other potential threats to homeland security.

USAID assistance will play a critical role in responding to the historic opportunity that the Central American Free Trade Agreement (CAFTA) presents and to address the dramatic drop in coffee prices. Through a Presidential Initiative-the Opportunity Alliance-USAID is working in close collaboration with Central American partners to tackle their key constraints to competitiveness, by building trade capacity, diversifying the rural economy, and improving disaster preparedness and environmental management.

The USAID Program: The Program Data Sheets provided below cover the six ongoing objectives for which USAID is requesting FY 2003 funds. FY 2003 will be the last year of funding for these six objectives. These objectives support institutional changes that reinforce democracy and the rule of law, improve the quality of basic education, improve the health and welfare of rural women and children, increase rural incomes and food security, improve natural resource management and conservation of biodiversity, and support implementation of the Peace Accords. USAID also intends to use FY 2003 funds to carry out certain new activities in support of the Opportunity Alliance, as well as to respond to changing

circumstances. FY 2004 funding is requested for the three new objectives under a new strategy for FYs 2004-2008 which is being developed. They are described in the Program Data Sheets.

Other Program Elements: In addition to the resources requested in the Program Data Sheets, USAID's Central America Regional Program provides technical assistance and training to strengthen Guatemala's understanding of trade issues, to control and contain HIV/AIDS, and to promote rural diversification and support environmental conservation and clean production in priority cross-border areas. USAID's Office of Regional Sustainable Development within the Latin America and Caribbean Bureau (LAC/RSD) manages several democracy and governance activities that provide technical assistance, training, and membership to regional networks of nongovernmental organizations (NGOs), human rights ombudsmen, and municipalities. In addition, LAC/RSD through the Parks in Peril program, supports clean production and activities to preserve biological diversity; a health NGO strengthening program of AmeriCares; and several activities to increase access and the quality of primary education, including the Program for Educational Reform in the Americas with the Inter-American Dialogue, the Cooperative Association of States for Scholarships, the Civic Engagement for Education Reform in Central America program, and the Centers for Excellence in Teacher Training to be established in Honduras in collaboration with the University of the Valley in Guatemala.

The Bureau for Democracy, Conflict and Humanitarian Assistance runs the Matching Grant Program, in cooperation with participating U.S. private voluntary organizations, that leverages financial resources to improve primary health care, evaluate institutional strengthening of nonprofit housing organizations, and alleviate poverty through microenterprise development. The Global Health Bureau's Child Survival Program funds activities that provide technical assistance to reduce infant, child and maternal mortality and morbidity. The Bureau for Economic Growth, Agriculture, and Trade (EGAT) manages Partnerships for Food Industry Development, which is assisting fruit and vegetable producers to meet developed market requirements for their products. EGAT also funds the Farmer-to-Farmer Program, which provides short-term, U.S. volunteer technical assistance to increase farm and agribusiness productivity. Finally, EGAT runs the Integrated Pest Management/Collaborative Research Support Program, which is reducing pesticide residues on horticultural export crops.

Other Donors: USAID has been successful in encouraging other donors to build upon its pioneering demonstration activities in education and health, and has played a pivotal role in the Consultative Group on Guatemala, which involves all the major donors. Overall development assistance to Guatemala totals about \$968 million per year, excluding debt relief. The United States and Japan are Guatemala's first and second largest bilateral partners. Other major bilateral donors (listed in order of program size) and their principal areas of focus include Germany (education and health), Canada (rural development), and Netherlands (Peace Accords implementation and the environment).

Multilateral donors, listed in order of the size of their program, include the Inter-American Development Bank (infrastructure, social sectors, and financial reform); the World Bank (financial reform and physical infrastructure); the Central American Bank of Economic Integration (infrastructure); the European Union (Peace Accords implementation and decentralization); and the United Nations system/agencies, including the World Food Program, the United Nations Development Program, the United Nations Children's Fund, the World Health Organization, and the Food and Agriculture Organization.

**Guatemala
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	6,905	15,700	11,739	10,250
Development Assistance	16,937	12,320	14,960	10,700
Economic Support Fund	13,969	10,000	7,500	5,000
PL 480 Title II	15,174	21,502	18,013	19,030
Total Program Funds	52,985	59,522	52,212	44,980

STRATEGIC OBJECTIVE SUMMARY

520-001 Democracy				
DA	2,850	2,000	2,200	0
ESF	0	1,000	0	0
520-002 Better Educated Rural Society				
CSH	2,529	0	0	0
DA	0	2,750	3,750	0
520-003 Better Health for Women and Children				
CSH	4,376	15,700	11,739	0
DA	5,737	0	0	0
520-004 Increased Rural Incomes				
DA	4,780	3,500	5,500	0
PL 480	15,174	0	18,013	10,000
520-005 Natural Resource Management				
DA	3,570	4,070	3,510	0
520-006 Support the Implementation of the Peace Accords				
ESF	13,969	9,000	7,500	0
520-xxx Democracy				
DA	0	0	0	1,800
ESF	0	0	0	5,000
520-yyy Health and Education				
CSH	0	0	0	10,250
DA	0	0	0	2,900
PL 480	0	0	0	9,030
520-zzz Increased Rural Incomes				
DA	0	0	0	6,000

Data Sheet

USAID Mission:	Guatemala
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	520-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,200,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: USAID's democracy program in Guatemala advances the peace process and deepens democracy by promoting increased efficiency and transparency in justice sector institutions and local government; encouraging broader, more effective civil society participation in the policy process and in oversight of public institutions; and fostering increased awareness and respect for human rights. Technical assistance is focused on key policy and administrative reforms as well as improving the capabilities of selected government institutions and civil society organizations to achieve concrete results. Several justice activities (related to access to justice and mediation centers) and all human rights activities are reported on under the peace special objective (520-006).

Inputs, Outputs, Activities:

FY 2003 Program:

Broader, more effective civil society participation in the policy process and oversight of public institutions (\$1,100,000 DA). Grants to eight civil society coalitions were provided to help them combat ethnic discrimination, promote transparency and anticorruption efforts, address public security issues, and exercise congressional oversight. Technical assistance, operational support, and grants will also be provided to civil society organizations to allow them to advocate for inclusion of key issues on political party platforms during this electoral year. The principal grantee is Creative Associates International.

Increased Citizen Participation in Strengthened Local Governments (\$1,100,000 DA). Technical assistance and small grants will help to improve the administration, efficiency, and transparency of targeted local governments; increase their local revenue generation and overall funding; and step up the degree of citizen participation in decision-making. Technical assistance will also focus on advancing the implementation of recent legislation that addresses key national policy issues. The principal contractor is Research Triangle Institute.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY 2004 resources for this Strategic Objective. Design of a new democracy Strategic Objective for 2004-2008 is underway.

Performance and Results: The year 2002 was a difficult one for the strengthening of governance in Guatemala. The current administration has come under heavy national and international criticism for lack of cooperation on counternarcotics efforts, serious and widespread corruption, human rights abuses, failure to protect human rights workers, and transfers within the national budget to support the military in direct violation of the Peace Accords. This highly volatile situation was not propitious to political and democratic development during the past year. Yet, despite this environment, USAID was able to achieve some significant results that are reported below.

In terms of anticorruption, USAID sponsored an official Guatemalan delegation, including high-level Government of Guatemala (GOG) officials (executive, legislative and judicial branches), private sector,

civil society, and members of the press to attend the Transparency International Conference in Prague in October 2001. As a direct result of this effort, USAID was able to support this group of prominent individuals as they negotiated with the World Bank and the GOG to establish a National Anticorruption Program in February 2002. This program, still under development, has provided a high profile platform from which to sponsor a national discussion on corruption as a structural problem requiring a long-term strategy to address. Eight civil society coalitions focusing on combating ethnic discrimination, transparency and anticorruption, public security, and congressional oversight have successfully capitalized on the strengths of multisector actors to achieve concrete results. One coalition, for example, supported the transparent election of the National Comptroller, developing a professional profile and a technical test that was accepted and used by the National Selection Committee and completed by all candidates. The elected Comptroller was the only candidate who fulfilled the "ideal" candidate profile and passed the technical test.

The Guatemalan Congress passed three major decentralization laws that reflect significant USAID input, particularly on citizen participation and municipal financial administration, which is based on direct USAID field experience. These laws are expected to have a major impact on the process of decentralization and citizen participation at the local level. Twenty municipal planning offices were established and are helping to develop effective investment and municipal development plans in targeted municipalities. Accountability sessions through which municipal officials report to constituents on the use of municipal resources are now being held in 33 municipalities, citizen agendas that feed directly into budget and planning processes are being used in 40 municipalities, citizen oversight committees were created in 24 municipalities, and 19 communities are implementing participatory budget processes. Women's civil society groups, working to advance nonviolence against women, drafted new legislation to address domestic violence and promoted awareness and implementation of current applicable legislation. Thirty-four self-help groups for women who are victims of violence are functioning in three targeted departments.

By program completion, Guatemalans will have improved access to judicial services that are more efficient and transparent; will have greater ability to affect public policy and oversee public institutions through civil society organizations and engagement with strengthened local governments; and will benefit from increased respect for human rights and progress towards reconciliation.

US Financing in Thousands of Dollars

Guatemala

	DA	ESF
520-001 Democracy		
Through September 30, 2001		
Obligations	11,843	0
Expenditures	8,382	0
Unliquidated	3,461	0
Fiscal Year 2002		
Obligations	1,966	1,000
Expenditures	2,275	0
Through September 30, 2002		
Obligations	13,809	1,000
Expenditures	10,657	0
Unliquidated	3,152	1,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,200	0
Total Planned Fiscal Year 2003		
Obligations	2,200	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	16,009	1,000

Data Sheet

USAID Mission:	Guatemala
Program Title:	Better Educated Rural Society
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,750,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	December 31, 2004

Summary: This USAID/Guatemala Better-Educated Rural Society Program is addressing the educational needs of school-age children and youth in the Quiché Department and other rural, indigenous areas of the Peace Zone of Guatemala. Resources are used to increase educational access, improve educational quality, and enhance the capacity and commitment of the Ministry of Education and civil society to formulate and carry out education reform. The program includes three components: 1) increased access and quality of intercultural bilingual primary education for Quiché children through teacher training, development of multicultural materials and methodologies, and increased parental participation; 2) greater access to education services for rural communities; and 3) implementation of education policies and strategies that enhance gender equity and cultural pluralism.

Inputs, Outputs, Activities:

FY 2003 Program:

Increase access to quality intercultural bilingual education in Quiché (\$2,950,000 DA). The FY 2003 program will continue to further Peace Accords commitments to educational reform by strengthening intercultural bilingual education (IBE) at the school and community levels in the Department of Quiché and enhancing IBE policy and technical capacity at the municipal, departmental and national levels. Over 100,000 indigenous boys and girls will directly benefit from improved intercultural bilingual education. The FY 2003 program includes extensive training of over 3,000 in-service and 500 preservice teachers, organizing 300 communities around educational issues, increasing parental participation in the education process, and strengthening the capacity of educational institutions to ensure program sustainability. Barriers to girls' participation in schooling are being addressed systematically and over 2,750 girls will receive scholarships to encourage them to stay in school and excel. Seven additional technology centers will be established to improve preparation of future IBE teachers and increase the production and distribution of educational materials created through the application of information communication technologies. Applied research to monitor bilingual education practices and obtain key data for planning and decision-making will accompany these interventions. The principal contractors and grantees are: World Learning, American Institutes of Research (prime), Educational Development Corporation (prime), Let's Educate Girls Association (prime), Guatemalan Association for Sex Education (prime), Juárez and Associates (sub), and Academy for Educational Development (sub).

Support the implementation of education policy reform (\$800,000 DA). FY 2003 funds will support the education reform process by strengthening the capacity for policy analysis and dialogue of government and private sector institutions at local, departmental, and national levels. This will legitimize and enhance support for education reform, build constituencies, and improve the education policy environment. The program will strengthen local communities to raise issues and foster dialogue on the quality and availability of educational services. It will also help empower communities to assume their rights and responsibilities for influencing and achieving quality public education. Funds will support 14 civil society organizations to conduct education policy dialogue and advocacy at the municipal, departmental and national levels. These organizations will advocate for education reform as part of the political parties' platforms during the 2003 electoral process. In FY 2003, USAID will enter into an alliance with the

Kennedy Foundation to support the Ministry of Education's curricular reform process to help ensure that schools increase access and improve services to students with special needs. Funds will also be used to initiate other public-private alliances to assist in the implementation of USAID's educational policy reform agenda. Principal contractors are Management Systems International (prime) and Juárez and Associates (prime).

FY 2004 Program:

USAID does not plan to request FY 2004 resources for this program, as FY 2003 is the final year of funding for the current strategy. Design of a new education program for 2004-2008, however, is underway.

Performance and Results: USAID has made significant impact in education in the geographic areas where the activities are focused, and has already achieved many of its program goals. Results in Quiché in 2002 demonstrate that USAID's concentrated investment and intervention have led to a dramatic increase in girls' gross enrollment and third grade completion since 1997 when activities began. Gross primary enrollment for girls has increased from 62% to 100% and third grade completion rates for girls has increased from 18.2% to 29.2%. Boys' gross enrollment and third grade completion rates have also markedly improved. The primary school gender equity ratio (relative gross enrollment of girls to boys) in rural Quiché has increased from 74.2% to 84.4% and a full 13.6% from the 70.8% in 1992, when USAID's pilot girls' education activities began, thus showing a steady improvement in the past decade in closing the gender gap in rural primary enrollment in Quiché. Teachers' mastery of more effective methodologies has more than tripled, contributing to improved school retention and promotion. These basic education activities are complemented by Special Peace Objective activities designed to foster greater indigenous social, political and economic participation nationally. A total of 873 indigenous men and women have now graduated from university degree programs; by the end of the strategy it is anticipated that no fewer than 1,100 students will have graduated. Under the educational policies and strategies that enhance gender equity and cultural pluralism, three key GOG strategies were formulated in 2002 that are attributable in part to USAID's policy-related efforts: the elaboration and approval of the transformed curriculum for primary schools, the creation of 12 new public teacher training institutions for intercultural bilingual education, and the launching of a national teacher education program.

US Financing in Thousands of Dollars

Guatemala

	CSH	DA
520-002 Better Educated Rural Society		
Through September 30, 2001		
Obligations	12,254	0
Expenditures	6,916	0
Unliquidated	5,338	0
Fiscal Year 2002		
Obligations	0	2,750
Expenditures	4,473	0
Through September 30, 2002		
Obligations	12,254	2,750
Expenditures	11,389	0
Unliquidated	865	2,750
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	3,750
Total Planned Fiscal Year 2003		
Obligations	0	3,750
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	12,254	6,500

Data Sheet

USAID Mission:	Guatemala
Program Title:	Better Health for Women and Children
Pillar:	Global Health
Strategic Objective:	520-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$11,739,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: To improve the health of women and children, USAID's program responds to the principal causes of maternal and child morbidity and mortality as well as high fertility in Guatemala by assisting public and private sector service providers to increase the use of quality maternal child health and nutrition services and to improve health and nutrition practices. Assistance from USAID focuses on rural indigenous highland populations to bridge the enormous health gap between these groups and the rest of the country. USAID's family planning and immunization assistance, in contrast, are national programs. The health program also works to improve health services management by the Ministry of Health (MOH), the Social Security Institute (IGSS), and NGOs, as well as to increase political commitment to women's health issues. USAID is also strengthening the national HIV/AIDS surveillance system, and HIV prevention interventions will start in 2003.

Inputs, Outputs, Activities:

FY 2003 Program:

Reduce child mortality and malnutrition (\$4,489,000 CSH). Funding will finance training, health and nutrition education materials, equipment, and technical assistance for the MOH and rural NGOs to introduce an integrated maternal child health and nutrition care program in 2,155 communities in response to the rural acute malnutrition crisis. Training, technical assistance and subgrants for maternal child health services will be provided to nine NGOs and five health care networks to improve child survival in a population of 112,000. Principal contractors and grantees are: MOH (prime), IGSS (prime), the Family Welfare Association (APROFAM) (prime), the University Research Corporation (prime), John Snow Research and Training Institute (prime), the Johns Hopkins Program for International Education in Reproductive Health (JHPIEGO) (prime), Management Sciences for Health (prime), Abt Associates (prime), and the U.S. Centers for Disease Control and Prevention (CDC) (prime).

Increase use of reproductive health care (\$6,750,000 CSH). The maternal and neonatal health program will provide training and technical assistance to improve quality of care in 10 hospitals, 45 health centers, nine maternity centers, and 95 health posts and work with 77 communities to establish life saving plans for obstetric emergencies. In support of the MOH's National Reproductive Health Program, USAID will procure contraceptives, equipment and educational materials, and provide training and technical assistance for family planning services in all 1,295 MOH facilities, as well as in 46 IGSS hospitals, and through 29 clinics and 3,832 individual rural promoters of APROFAM and small rural NGOs. USAID will help the government implement the Population and Social Development Policy, which was developed following enactment of a law, that guarantees access to reproductive health care. Principal contractors and grantees are: MOH(prime), IGSS (prime), APROFAM (prime), a local social marketing firm (IPROFASA) (prime), University Research Corporation (prime), John Snow Research and Training Institute (prime), JHPIEGO (prime), the Futures Group International (prime), Management Sciences for Health (prime), and the Population Council (prime).

Prevent the spread of HIV/AIDS (\$500,000 CSH). Three MOH clinics will receive training and equipment for treating sexually transmitted infections. USAID plans to assist NGOs working with prostitutes,

homosexual men, and people with HIV/AIDS to offer voluntary counseling and testing services (including kits) and behavior change communication. Principal contractors and grantees are: MOH (prime), IGSS (prime), Family Health International (prime), and CDC (prime).

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY 2004 resources for this program. Design of a new health program for 2004-2008 is underway.

Performance and Results: USAID has already achieved many of its program goals. The infant mortality rate dropped from 45 per 1,000 live births in 1999 to 39 per 1,000 live births in 2002; and the contraceptive prevalence rate increased from 38% in 1999 to 43% in 2002. The total fertility rate declined from 5.0 children per woman in 1999 to 4.4 in 2002. Significant policy achievements include enactment of a Social Development Law guaranteeing access to reproductive health services in public facilities and to reproductive health education in public schools. As measured by a composite index on policy reform, reproductive health policies in Guatemala have improved substantially. Through the MOH's National Reproductive Health Program, the national health system now offers a full range of family planning services. Access will continue to grow through an expanded program of technical assistance and training to NGOs for maternal child health care and family planning.

The integrated maternal child health and nutrition program is in use in 373 MOH clinics, and rapid launching of the community prevention component in 2003 has been expedited through the design of training and education materials and a pilot test in 2002. Complete vaccination coverage of children 12-23 months increased from 60% in 1999 to 63% in 2002, with polio eliminated and no confirmed cases of measles reported. Maternal and neonatal deaths are being prevented through improved delivery practices and referral systems for obstetric emergencies, and 58% of the need for essential obstetrical care is being met in USAID's focus areas, up from 10% in 1996. The ambitious goals for the last year of the program (2003) for reducing child deaths and increased use of family planning have already been met, as seen in the 2002 data above. New HIV prevention activities should keep the epidemic from becoming generalized.

By the end of the program, approximately 14,000 infant lives will be saved and the infant mortality rate reduced to 39 per 1,000 live births; the total fertility rate will be reduced to 4.4 children per woman, and an additional 132,000 women will be practicing family planning.

US Financing in Thousands of Dollars

Guatemala

	CSH	DA
520-003 Better Health for Women and Children		
Through September 30, 2001		
Obligations	26,733	30,181
Expenditures	20,161	23,875
Unliquidated	6,572	6,306
Fiscal Year 2002		
Obligations	15,361	0
Expenditures	6,988	3,257
Through September 30, 2002		
Obligations	42,094	30,181
Expenditures	27,149	27,132
Unliquidated	14,945	3,049
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	11,739	0
Total Planned Fiscal Year 2003		
Obligations	11,739	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	53,833	30,181

Data Sheet

USAID Mission:	Guatemala
Program Title:	Increased Rural Incomes
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-004
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,500,000 DA; \$18,013,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,000,000 PL 480
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: USAID's program to increase rural household incomes and food security includes training, technical assistance, P.L. 480 Title II food aid resources, and credit to help small farmers to engage in higher value production and marketing, microentrepreneurs to expand their businesses by accessing financial and technical services, market towns to increase their levels of economic activity; and food insecure families to improve their nutrition. Program activities are focused on exconflictive, indigenous areas of the country with high numbers of poor, food insecure families.

Inputs, Outputs, Activities:

FY 2003 Program:

Alliances for market-led diversification and trade opportunities (\$3,900,000 DA). The program will provide support to small-scale farmers who need assistance to improve their ability to compete under the new and more competitive market realities that will result from the Central American Free Trade Agreement. Funding to an NGO to enter into alliances with exporters and processors will increase their purchases from small-scale farmers. Technical assistance will assist small-scale farmers to organize themselves and adopt improved practices necessary to meet the stricter new quality and quantity requirements of the market. The program will diversify into low altitude, small-scale coffee producers who cannot compete with the inexpensive bulk coffee available in the world market. Assistance to the Ministry of Agriculture will supply these producers with high quality fruit trees to help maintain important forest cover. This activity builds upon an NGO service provider network that reaches over 76,000 small-scale farmers. Principal contractors and grantees are GOG Ministry of Agriculture, Guatemalan Nontraditional Exporter Association (AGEXPRONT), National Coffee Producers Association (ANACAFE), and Michigan State University Partnership for Food Industry Development program. An additional \$700,000 (included in 598-021 in the FY 2003 CBJ) will be dedicated to this activity.

Improve market access through the internet (\$600,000 DA). Alliances will be strengthened and expanded with satellite bandwidth suppliers for the establishment of additional Electronic Business Development Centers in key coffee areas of the country. Internet Centers will be located in ANACAFE regional offices to facilitate access to critical information on the availability of markets, prices, potential business leads and possible partners, to promote quality coffee, diversification, investment, jobs, and increased incomes in rural Guatemala. This effort will build upon an existing internet access network in rural areas that allows farmers and other entrepreneurs to take advantage of new business opportunities concurrent with the prospective Central America Free Trade Agreement. Principal contractors and grantees are AGEXPRONT and ANACAFE.

Develop sustainable local NGO technical and financial service providers (\$1,000,000 DA). Funds will support local NGOs to provide technical assistance on diversification, marketing, and improved business practices to small farmers and microentrepreneurs. This activity will complement an existing network of rural financial service providers that is reaching almost 89,000 microentrepreneurs. The Development Credit Authority (DCA) will support the issuance of bonds by two private commercial banks that make loans to rural small producers and microenterprises. Principal contractors and grantees are National

Rural Bank, Abt Associates, Inc., Genesis Empresarial, the Foundation for Financial Assistance to Development and Social Services Institutions, BANCAFE and other Guatemalan commercial banks.

P.L. 480 Title II assistance will help food-insecure families maintain adequate nutrition levels, while monetization proceeds will finance maternal and child health activities and assist families increase their food production and cash income. Efforts are focused on improving nutritional status of children less than 36 months of age and on educating their mothers regarding health care and complementary feeding. The program is contributing to increase household incomes through the introduction of improved and diversified agricultural production activities. Food for work activities are implemented for important infrastructure that generates income such as small-scale irrigation or farm-to-market roads that facilitate community access to markets and health services. Principal contractors and grantees are CARE, World SHARE, Catholic Relief Services, and Save the Children.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY2004 resources for this program. Design of a new rural income program for 2004-2008 is underway.

Performance and Results: Notwithstanding a very challenging environment for the rural sector, which was characterized by historically low coffee prices, economic downturn in key foreign markets, and climatic disturbances that affected harvests, this program met or exceeded anticipated results, both in terms of quantifiable targets as well as impact. The numbers of small-scale farmers reached exceeded the 2002 target by more than 35%, providing them with access to improved technology, diversification into higher value products, and more direct market linkages. The number of clients assisted by microfinance partners increased by 78% in one year from 49,889 customers in 2001 to 88,915 active clients in 2002. Sixty-one percent of the beneficiaries are women who, with increased access to credit and technical assistance, were better able to market their products and services and increase their family income and well-being. Increased private investment in communication infrastructure and improved services in key geographic areas helped stimulate economic activity and generate employment, resulting in the creation of 31,385 new jobs since the start of the program. AGEXPRONT was directly responsible for promoting \$4.25 million worth of new public and private investment in rural development, raising the cumulative total to \$9.38 million in investments for coffee industrialization, forestry development, arts and crafts, ecotourism and electronic business centers. A loan guaranty with a local private bank leveraged an additional \$4.7 million for microenterprise, further expanding credit access and contributing to economic growth. P.L. 480 Title II partners are having a marked effect on improving family nutrition in target areas through effective integration of income generation and maternal/child health interventions at the family level. They also played an essential role in responding to the acute malnutrition crisis that surfaced in late 2001 after a serious drought. The combined effects of these activities have enhanced livelihoods in targeted rural, poor, isolated, former conflictive, indigenous areas of the country.

By the end of the program, a critical number of small-scale farmers will be engaged in higher-value production and marketing, and microentrepreneurs will have expanded their businesses. The program aims to increase annual household income by 20% and reduce chronic malnutrition in children under five by 10% in the general population of the target areas by the strategy's end.

US Financing in Thousands of Dollars

Guatemala

	DA	DCA
520-004 Increased Rural Incomes		
Through September 30, 2001		
Obligations	16,714	0
Expenditures	8,595	0
Unliquidated	8,119	0
Fiscal Year 2002		
Obligations	4,064	0
Expenditures	4,153	42
Through September 30, 2002		
Obligations	20,778	0
Expenditures	12,748	42
Unliquidated	8,030	-42
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	5,500	0
Total Planned Fiscal Year 2003		
Obligations	5,500	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	26,278	0

Data Sheet

USAID Mission:	Guatemala
Program Title:	Natural Resource Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$3,510,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2004

Summary: The purpose of this program is to build capacity in Guatemala to manage natural resources using different management arrangements that allow for civil society participation, provide direct economic incentives for conservation, and promote sustainable development. The program provides support for improved natural resource management and policies, and for building more effective and responsive institutions and infrastructure in four key sites.

Inputs, Outputs, Activities:

FY 2003 Program:

Park management, institutional capacity building, and policy issues (\$1,800,000 DA). The SO will provide technical assistance to strengthen local institutions that participate in the management of two key national parks, Laguna del Tigre and Sierra Lacandón, in the Maya Biosphere Reserve, and implement the operational plan for both parks. An alliance between the Government of Guatemala and PERENCO (the oil company that operates within Laguna del Tigre National Park) will be pursued in FY 2003 to ensure improved conservation and use of parklands. The Regional Environmental Program will gradually assume responsibility for providing assistance for improved park management. Technical assistance will develop management plans for conservation areas in Chisec, in the department of Alta Verapaz. Three municipalities will develop management and financial plans for environmental protection within their jurisdiction. Support to the Ministry of Environment and Natural Resources and the National Council of Protected Areas will help them develop, implement, and monitor key policies. Principal contractors and grantees are International Resources Group and The Nature Conservancy.

Private and municipal lands conservation (\$750,000 DA). USAID's Parks in Peril (PIP) program will assist in the development of a multisite strategy to strengthen the institutional and policy framework for private lands conservation in Guatemala. PIP will support the implementation of the Atitlán site conservation plan and provide fire management training to community residents and members of local organizations. The National Council of Protected Areas will receive technical assistance for the development of the Atitlán annual operational plan, and selected municipalities in the region will receive technical assistance on municipal lands management and conservation. PIP will promote alternative economic activities to reduce pressure on conservation in the Motagua-Polochic region, and will support implementation of a regional conservation plan to reduce the impact of fire. An alliance has been forged between a local nongovernmental organization (Defenders of Nature) and the businesses that benefit from water from Sierra de las Minas (e.g., Pepsi, Coca Cola, Río Hondo Hydroelectric Facility, Pasabien Hydroelectric Facility, PAINSA, and Monsanto, among others). The Nature Conservancy is the principal grantee.

Forestry management (\$650,000 DA). Technical assistance will help community organizations with forest concessions in the Maya Biosphere Reserve, to certify over 80,000 hectares of forest, and to develop a marketing strategy for timber and nontimber forest products will be developed. Links between certified forest buyers in the United States and Europe and producers in Guatemala will be promoted. The principal contractor is Chemonics.

Environmental communication (\$100,000 DA). Key stakeholders will be trained on environmental communication methodologies and tools. Long-term communication strategies for two sites will be developed and the SO will support the implementation of the Maya Biosphere Reserve communication strategy developed this year. The principal contractors are Academy for International Development and International Resources Group.

Park management (\$110,000 DA). The U.S. Department of Interior (through the National Parks Service and Land Management Bureau) will provide technical assistance for the establishment of a "Sister Park" initiative between Laguna del Tigre national park and the Big Cypress National Reserve in Florida to allow for an exchange of practical experience in dealing with oil interests inside protected areas. Technical assistance will help develop a visitor infrastructure in selected municipal parks and to develop fire management expertise.

Small grants to communities (\$100,000). Funds will be transferred to Peace Corps to allow its volunteers to work with communities to develop small infrastructure and other sustainable development activities in Guatemala, consistent with USAID goals.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategy, USAID does not plan to request FY 2004 resources for this SO.

Performance and Results: USAID achieved several important results during 2002. Nearly 674,000 hectares of park, municipal and private lands were protected in selected sites; conservation management improved in selected bioregions through training of personnel, environmental threat reduction, planning improvement, development of infrastructure, and participation of key stakeholders in conservation management activities. Selected municipalities in the three bioregions received technical assistance to develop management plans, as well as training and equipment. Several municipalities proposed declaration of regional parks. The GOG approved key public policies (e.g., co-administration, policy framework for forestry concessions) and implemented them through a participatory process. Key GOG institutions received technical assistance to increase their capacity to formulate and implement policies. Community-based forestry organizations improved their management systems (production and marketing), and as a direct result, the number of beneficiaries and the amount of income generated increased.

By the end of the program, selected protected areas, municipal lands and private lands, will have improved stewardship of natural resources. Better management will be achieved through improved management plans, diversification of funding sources, more efficient administrative structures, and trained technical staff. Government institutional capacity to formulate policies and regulations will improve. Civil society organizations with improved capacity for policy analysis and proposal development, will be working on environmental issues. A water fund for a key Biosphere Reserve will be in full operation, which will serve as a model for other protected areas. Forestry concessions will apply better business and marketing practices and operate with minimal technical assistance; having in place better administrative capacity and planning tools, and access to financial resources for operation and investment. The co-management model for natural resources management will be adopted throughout Guatemala and community and municipal participation will increase substantially.

US Financing in Thousands of Dollars

Guatemala

520-005 Natural Resource Management	DA
Through September 30, 2001	
Obligations	19,266
Expenditures	14,380
Unliquidated	4,886
Fiscal Year 2002	
Obligations	4,067
Expenditures	4,153
Through September 30, 2002	
Obligations	23,333
Expenditures	18,533
Unliquidated	4,800
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	3,510
Total Planned Fiscal Year 2003	
Obligations	3,510
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	26,843

Data Sheet

USAID Mission:	Guatemala
Program Title:	Support the Implementation of the Peace Accords
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	520-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$7,500,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	December 31, 2004

Summary: The primary goal of this program is to provide direct support to implementation of the Peace Accords signed in December 1996. To accomplish this ambitious objective, USAID provides support to the Government of Guatemala (GOG) and private organizations, including an array of local nongovernmental organizations (NGOs), to assist them in meeting key Peace Accord commitments. USAID has focused its assistance on human rights, conflict resolution and prevention, justice sector reform, indigenous participation, land titling, and fiscal reform.

Inputs, Outputs, Activities:

FY 2003 Program:

National reconciliation process advanced through follow-up of the Historical Clarification Commission (\$3,000,000 ESF). Through technical assistance and subgrants to human rights organizations, USAID will help expand human rights education and mobilize local groups. Support to the governmental land conflict resolution body and other local actors will help those groups prevent outbreaks of conflict. Small grants will finance local projects in communities most affected by the conflict. Principal contractors and grantees are the UN Development Program (UNDP), Forensic Anthropology Foundation of Guatemala, the National Land Commission, and the Canadian Center of Studies for International Cooperation.

Capacity of indigenous communities developed for broader participation in economic, social and political arenas (\$2,500,000 ESF). USAID will improve access to education and training for indigenous peoples via university scholarships as well as leadership and technical training for youth. Technical assistance and direct support will help the Land Fund increase efficiency in land titling to poor farmers. Remote areas of the peace zone will receive infrastructure and support for increased competitiveness. Principal contractors and grantees are Checchi and Company Consulting, Inc., Counterpart International, Development Alternatives, Inc., Rafael Landivar University, Partners of the Americas, and UNDP.

Key state institutions and policies reformed to sustain the peace process (\$2,000,000 ESF). Technical assistance will support judicial reform, build sustainability of the 12 existing justice centers, open five new centers, strengthen the Public Ministry's criminal investigations and prosecution, and support tax administration, including anticorruption measures. Principal contractors and grantees are Checchi and Company Consulting, Inc., Development Alternatives, Inc., and UNDP.

FY 2004 Program:

As FY 2003 is the last funding year for the current strategic plan, USAID does not plan to request FY 2004 funding for this program.

Performance and Results: Despite notable advances achieved through USAID support, the Peace Program fell short of FY 2002 targets, reflecting a slowdown in Peace Accord implementation. Although the GOG raised more revenue, it did not dedicate sufficient resources to priority areas. Instead, the military budget escalated well beyond prescribed targets. Controversy over GOG plans to issue bonds to indemnify the ex-civilian militia groups, combined with inadequate support for conflict victims and

discovery of large-scale public sector corruption, further fueled citizen discontent and undermined government credibility. The rural populace's hopes that peace would bring prosperity have been dampened by dire living conditions, increases in crime, food insecurity, conflicts over land and resources (there were over 50 land invasions in 2002), and ethnic and gender discrimination.

Notwithstanding the challenges above, there have been important advances over the past year, including: 1) signing of new financial sector legislation; 2) launching of the GOG's National Reparations Plan under the Commission for Peace and Reconciliation; 3) civil society's influence in the appointment of the Attorney General and the Human Rights Ombudsman; and 4) passage of three municipal laws as well as a law against ethnic discrimination.

USAID's peace program has consistently met its intermediate targets, indicating that while the peace process may be stalled nationally, USAID's activities continue to have a significant impact. Although 2002 was a trying year for activists, who faced continued threats and attacks, the Human Rights Ombudsman was nominated and supported by the largely unified human rights community for the first time in its 15-year history. In addition, 65 clandestine cemeteries were exhumed in 2002 and 2,755 victims obtained mental health counseling services. As part of its conflict prevention and resolution support, USAID helped establish 25 community mediation centers and trained more than 120 conflict prevention promoters. USAID also supported the government's land conflict resolution institution, which resolved over 600 land conflicts in 2002, including the long-standing Los Cimientos conflict.

With 866 scholarship graduates to date, USAID's Mayan Education Program (EDUMAYA) continues to open opportunities to indigenous peoples and their participation in all aspects of Guatemalan society. In 2002, EDUMAYA included a leadership component that trained current students and graduates and formed an independent alumni organization with broad ethnic representation, a forum to serve to articulate the needs of indigenous peoples throughout the country. USAID initiated a youth leadership program targeting indigenous rural youth between ages 15 to 25 who demonstrate high leadership potential. Work on a new youth literacy model was also begun.

The Peace Accords called for the creation of a Land Fund with a mandate to help Guatemalan communities secure formal title to land. In 2002, the Land Fund issued 12,541 titles. In an attempt to overcome the relatively high cost and limited impact of the Land Fund's operations, USAID provided technical assistance that led to new services such as a land rental mechanism and a guarantee fund to facilitate the sale of small farms.

USAID's justice program expanded in FY 2002 to reach some of the most vulnerable sectors of society. Twelve Justice Centers now provide better access to improved services throughout the country. The justice center model has been lauded by the government and has established new activities in the areas of crime prevention and anti-lynching, among others. In the absence of adequate resources to fund social investment, fiscal reform continued to be a key element of USAID's peace program. USAID sponsored important technical studies that have had concrete results, particularly in the area of tax collections, which increased over 20% from the previous year, enabling the GOG to comply with its targets and increasing tax revenue to a projected 10.3% of GDP in 2002.

Finally, with the emergence of the rural crisis in late 2001, USAID quickly responded by injecting much-needed capital into the Peace Zone communities suffering from the highest levels of acute malnutrition. As part of this initiative 3,432 boys and girls were granted scholarships to help them stay in school; 4,776 parents received money for work on community projects; and 1,296 individuals from 30 communities worked on road rehabilitation activities, reforestation efforts, and municipal works.

By program completion, hundreds of thousands of Guatemalans most affected by the armed conflict will have benefited directly from USAID assistance in the form of increased access to higher levels of education, justice, and land ownership, all of which are important to recovery and reconciliation. The primary institutions created in the context of the Peace Accords will be strengthened to ensure continued provision of services to all Guatemalans and to help deter future outbreaks of violent conflict.

US Financing in Thousands of Dollars

Guatemala

	DA	ESF
520-006 Support the Implementation of the Peace Accords		
Through September 30, 2001		
Obligations	0	108,980
Expenditures	0	81,371
Unliquidated	0	27,609
Fiscal Year 2002		
Obligations	1,326	9,000
Expenditures	0	17,344
Through September 30, 2002		
Obligations	1,326	117,980
Expenditures	0	98,715
Unliquidated	1,326	19,265
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	7,500
Total Planned Fiscal Year 2003		
Obligations	0	7,500
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	1,326	125,480

Data Sheet

USAID Mission:	Guatemala
Program Title:	Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	520-xxx
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$1,800,000 DA; \$5,000,000 ESF
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID's democracy program focuses on key areas that form the foundation for democratic governance, in order to address declining citizen confidence in Guatemalan democracy and a serious governance crisis. The new administration taking power in 2004 faces the challenge of solidifying the rule of law in Guatemala to address issues such as impunity and corruption and addressing pending commitments from the peace process including conflict resolution and human rights. Building on the gains made toward Peace Accord objectives, technical assistance and training is focused on key institutions at both the national and local levels to: 1) improve effectiveness and transparency, and 2) demonstrate the impact of democratic processes in protecting citizen rights and security and targeting local resources for their priority needs. Support for civil society organizations promotes their advocacy and oversight roles in working for improved democratic processes and institutions.

Inputs, Outputs, Activities:

FY 2003 Program:

As the new strategy begins in FY 2004, USAID does not plan to request FY 2003 resources for this program. Design of a new democracy program for 2004-2008 is underway.

FY 2004 Program:

USAID is requesting FY 2004 resources for this program under its new strategy for 2004 - 2008, which is under development. The anticipated activities include the following:

Improved conflict resolution and protection of citizen rights (\$4,500,000 ESF; \$800,000 DA). Technical assistance efforts will focus on further development of USAID-supported justice centers operating throughout Guatemala while streamlining and improving the transparency of justice administration and developing integrated efforts for crime prevention. A central element of this work will involve improved protection of human rights, including possible support for the oversight role of the Human Rights Ombudsman. Technical assistance and grants to civil society organizations will focus on expanding and improving mechanisms for conflict and alternative dispute resolution and improved protection of human rights. Principal contractors and grantees have not yet been determined.

Municipal governments better serving citizens' needs (\$1,000,000 DA). Technical assistance and small grants will focus on improving the administration, efficiency, and transparency of targeted local governments, increasing their funding levels and revenue generation, and increasing the level of citizen participation in decision-making. Technical assistance will also focus on implementation of recently passed decentralization legislation that works to broaden the distribution of power in Guatemalan society and community crime prevention efforts. Principal contractors and grantees may include selected municipalities, municipal associations, civil society organizations and others still to be determined.

Transparency and anticorruption (\$500,000 ESF). USAID plans to help implement recommendations of the National Commission on Corruption and promote leadership development.

Performance and Results: This objective will focus on the impact of improved justice system operations and conflict resolution and on local efforts to confront crime and address community priorities.

By program completion, Guatemalans will have greater protection of their rights and personal security and more effective formal and informal conflict resolution mechanisms through the formal judicial system and alternative dispute resolution; local governments will be increasingly responsive to and capable of meeting citizen needs by more transparency and efficiency in their operations; and the potential for corruption will be reduced at both local and national levels

US Financing in Thousands of Dollars

Guatemala

	DA	ESF
520-xxx Democracy		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	0	0
Proposed Fiscal Year 2004 NOA		
Obligations	1,800	5,000
Future Obligations	3,200	20,000
Est. Total Cost	5,000	25,000

Data Sheet

USAID Mission:	Guatemala
Program Title:	Health and Education
Pillar:	Global Health
Strategic Objective:	520-yyy
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$10,250,000 CSH; \$2,900,000 DA; \$9,030,000 PL
	480
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: Guatemala has the worst education and health statistics in Central America. Assistance from USAID to assure healthier, better educated families will increase basic education opportunities for rural children and improve health care to respond to the principal causes of maternal and child morbidity and mortality, as well as high fertility. Working through the Ministry of Health (MOH) and NGOs that provide health services, the program will support quality maternal child health and nutrition services, prevent HIV/AIDS, and improve health and nutrition practices. Policy dialogue in health and education will focus on increasing public investments, effective decentralization of services, and increasing quality, efficiency and equity of government programs. Projections for the future indicate that the percentage of children completing primary school will not increase unless student flow rates are improved, particularly in the early grades of primary school where student failure and repetition rates continue to be very high. Therefore, the focus of our education assistance will be on increasing primary school completion rates through reducing the high rates of repetition and dropout in the early grades. This will be done both by implementing reforms to improve the quality of education and children's readiness for school. Alliances will be formed with the private sector to advance these objectives. Assistance from USAID will work to bridge the enormous health and education gaps between rural indigenous highland populations and the rest of the country.

Inputs, Outputs, Activities:

FY 2003 Program:

As the new strategy begins in FY 2004, USAID does not plan to request FY 2003 resources for this program. Design of a new education and health program for 2004-2008 is underway.

FY 2004 Program:

Increased use of reproductive and child health care (\$7,500,000 CSH). The maternal and neonatal health program will provide training and technical assistance to improve quality of care in hospitals, health centers, maternity centers, and health posts and work with communities to establish life saving plans for obstetric emergencies. In support of the MOH's National Reproductive Health Program, USAID will procure contraceptives, equipment and educational materials, and provide training and technical assistance for family planning services in all 1,295 MOH facilities, as well as in 29 clinics and with 3,832 rural promoters of the Family Welfare Association (APROFAM) and small rural NGOs. USAID will help the government implement the Population and Social Development Policy, which guarantees access to reproductive health information and care. To help prevent the spread of HIV/AIDS, the MOH clinics will receive training and equipment for treating sexually transmitted infections. USAID will assist NGOs working with high HIV prevalence groups such as commercial sex workers and people with HIV/AIDS, to offer voluntary HIV counseling and testing services (including kits) and behavior change communication. Funds will be used for training, educational materials, equipment and supplies, and technical assistance. Principal contractors and grantees have not yet been determined.

Better nourished women and children (\$2,750,000 CSH and P.L. 480 resources). Funding will support training, health and nutrition education materials, equipment and supplies, grants to increase health care coverage, and technical assistance for the MOH and NGOs to implement an integrated maternal child health and nutrition care program. The program focus will be to increase access to health and nutrition services in rural highland communities that currently lack coverage. P.L. 480 Title II food aid resources will be integrated with community growth monitoring and promotion and health care to reduce child malnutrition. Policy dialogue will encourage the government to increase public expenditures on health, to further the decentralization of health services, to increase municipal involvement in health care, and to improve management. Principal contractors and grantees have not yet been determined.

Increased educational opportunities (\$2,900,000 DA). Funding will be used to improve the quality of primary education through better preschool programs and teaching in the early grades to greatly reduce repetition and dropout and thereby lower costs and increase efficiency of current MOE expenditures. Policy dialogue will focus on increasing public expenditures for education, improving the efficiency in resource use, promoting decentralization of education, and increasing municipal and community involvement in education. Funds will support initiation of public-private alliances to assist in the implementation of USAID's educational policy reform agenda and to increase equitable access to quality education, especially through strengthening and expanding community-based education programs. The program will finance teacher training, curriculum and materials development, and work to increase the participation of parents in their children's learning and schooling in geographic focus areas. Principal contractors and grantees have not yet been determined.

Performance and Results: USAID will track progress on achieving its program goals in health through the national Maternal and Child Health Survey, which is carried out every five years and was last completed in 2002. Impact will be measured by changes in indicators such as the infant mortality rate (39 per 1,000 live births in 2002), the contraceptive prevalence rate (43% in 2002), the total fertility rate (4.4 per woman in 2002), the complete vaccination coverage of children 12-23 months old (63% in 2002), as well as others. Seroprevalence rates for HIV/AIDS infection will also be monitored. Access to basic health and education services is anticipated to continue to grow through assistance to the MOH, the MOE and NGOs, private sector alliances and increased public expenditures in health and education, the latter which will be measured as a result indicator.

By program completion, the Government of Guatemala's greater commitment to the social sector will be reflected in increased public expenditures to insure more effective and efficient health and education services. There will be a 50% increase in public health and education expenditures; seventh to ninth grade enrollment will increase by 25% in target areas; approximately 14,000 infant lives will be saved; the infant mortality rate will be reduced to 29 per 1,000 live births; the total fertility rate will be reduced to four children per woman; and an additional 135,000 women will be practicing family planning.

US Financing in Thousands of Dollars

Guatemala

	CSH	DA
520-yyy Health and Education		
Through September 30, 2001		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2002		
Obligations	0	0
Expenditures	0	0
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	0	0
Proposed Fiscal Year 2004 NOA		
Obligations	10,250	2,900
Future Obligations	28,261	16,000
Est. Total Cost	38,511	18,900

Data Sheet

USAID Mission:	Guatemala
Program Title:	Increased Rural Incomes
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	520-zzz
Status:	
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$6,000,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID's program will help to diversify the rural economy and make it more competitive and responsive to market signals, thereby boosting rural household incomes and food security. USAID support will include training, technical assistance, P.L. 480 Title II food aid resources, and credit to help small-scale farmers engage in higher value production and marketing. Alternative income-generation efforts will include activities that simultaneously advance conservation and biodiversity protection objectives such as sustainable production and marketing of forestry products and ecotourism. USAID support will focus on "high impact" areas of the country where synergies with other USAID programs can be achieved and where there is potential for growth.

Inputs, Outputs, Activities:

FY 2003 Program:

As the new strategy begins in FY 2004, USAID does not plan to request FY 2003 resources for this program. Design of a new education and health program for 2004-2008 is underway.

FY 2004 Program:

USAID is requesting FY 2004 resources for this program under its new strategy for 2004-2008, which is under development. The anticipated activities include the following:

Improved competitiveness and market access of rural enterprises (\$3,000,000 DA). The program will help small-scale farmers to compete under the new and more competitive market realities that will result from the Central American Free Trade Agreement. Funding and technical assistance will help improve market intelligence and entrepreneurial skills, as well as to promote clean production and alternative energy and an enhanced secondary city markets. Alternative income generation activities in the Motagua, Polochic, Atitlán and other areas will reduce pressure on conservation targets. Activities will include forestry, nontimber forest products, ecotourism, and certification for agroindustrial products and environmental services. P.L. 480 Title II assistance will enable food-insecure families to increase their food production and income. Monetization resources will help increase household incomes through the introduction of improved and diversified agricultural production activities. Food for work activities will be carried out for important infrastructure that helps generate income such as small-scale irrigation or farm-to-market roads. Principal contractors and grantees will be determined on a competitive basis.

Broader access to new financial resources (\$2,000,000 DA). This activity will strengthen local NGOs that provide essential services to small-scale farmers and microentrepreneurs. This activity will improve rural financial markets by increasing access to credit lines and promoting loan guaranties, and will complement an existing network of rural financial service providers that is currently reaching almost 100,000 microentrepreneurs. The program will promote public-private partnerships to explore carbon mitigation funding as well as possible Development Credit Authority (DCA) involvement to expand the issuance of bonds by private commercial banks to raise resources to lend to rural small-scale producers and microenterprises. Principal contractors and grantees will be determined on a competitive basis.

More effective public-private partnerships for cultural and natural resource management (\$1,000,000 DA). Funding and technical assistance will help key organizations to improve land use planning, titling and regularization, and resolve conflicts over land improve land use, including concessions, leasing, titling and access and other resources. Food for Work resources may also be used in support of this program. Principal contractors and grantees will be determined on a competitive basis.

Performance and Results: The program will track indicators to monitor quantifiable targets as well as impact. These will be collected by the implementers and would include the number of small-scale farmers assisted, the number of microfinance clients assisted, employment generated, among other possible indicators. The combined effects of these activities will enhance livelihoods in targeted poor, rural, former conflictive, indigenous areas of the country, and areas with growth potential.

By the end of the program, USAID expects that targeted small-scale farmers and businesses will be better able to meet the strict quantity and quality requirements that market liberalization will bring. Small-scale farmers making the shift from basic grains to export horticulture production can expect increases in net income by at least 15%, and that more market incentives for conservation will be in place.

US Financing in Thousands of Dollars

Guatemala

520-zzz Increased Rural Incomes	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	6,000
Future Obligations	15,840
Est. Total Cost	21,840